

# SANDLER REIFF

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May 14, 2018

## Via E-Mail

Jeff S. Jordan, Esq.  
Office of the General Counsel  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

Re: RR 18L-16

Dear Mr. Jordan:

The undersigned serves as counsel to the Democratic Executive Committee of Florida ("DECF") and Francesca Menes, in her official capacity as Treasurer.. I am writing in response to the Commission's letter of March 26, 2018 in connection with the above-referenced referral.

For the reasons set forth below, the DECF respectfully requests that OGC recommend that no further action be taken in this matter or, in the alternative, that this matter be referred to the Alternative Dispute Resolution Division for further proceedings.

This matter relates to a referral from the Commission's Reports Analysis Division and specifically relates to additional activity reported by the DECF during the process of preparing and filing comprehensive amendments to its disclosure reports covering from 2014 to the present. The DECF chose to undertake a comprehensive internal audit of this period due concerns that their currently disclosed cash on hand did not properly reflect actual cash on hand. Therefore, the DECF undertook a comprehensive review of all financial activity to identify and correct any reporting errors during this period.

The DECF devoted significant resources to this effort, including the retention of two highly renowned FEC compliance experts, each of whom have over twenty years of experience in FEC compliance. During this process the DECF paid these consultants approximately \$70,000 in order to voluntarily and affirmatively correct its disclosure reports.

During the review process, the DECF identified a cash on hand discrepancy as of January 1, 2014 of \$155,789.90. Specifically, due to the sheer scope of the size of the project, it was impractical for the DECF to have the audit process reach back past January 1, 2014. In addition, during the audit process it was determined that the discrepancy identified as of January 1, 2014 likely stemmed from reporting errors that occurred much

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earlier than that date and were likely outside of the FEC's five-year statute of limitations. In addition, the DECF lacked the substantial time and resources to extend the project prior to that date. Therefore, in order to prioritize and ensure completion of the project, the DECF believes its decision to begin this project on January 1, 2014 was reasonable despite the apparently cash on hand discrepancy disclosed at the beginning of 2014.

The Commission has also identified an additional \$114,168.85 in allocation transfers disclosed on the DECF's Amended 2014 Year-End Report. This variance stemmed from the failure to disclose one allocation transfer on December 3, 2014. This transaction was originally disclosed by the DECF on September 30, 2014, the date in which the transfer was initially intended to be made. During the audit process, it was discovered that the transfer did not actually credit in the federal account until December 3, 2014. Therefore, the DECF amended its reports to properly reflect the receipt date and moved the transfer from its 2014 October Monthly Report to the 2014 Year-End Report. Thus, other than the incorrect date of this transaction, the DECF did not have any other material reporting errors in a calendar year in which it disclosed over \$7.5 million dollars in receipts.

The DECF acknowledges that it became concerned about an historical discrepancy in its cash on hand, and, as a result, embarked on a comprehensive project to identify and correct these errors. However, after determining that a large part of these errors likely emanated from activity that occurred more than five years ago, the DECF determined that it should begin the amendment process on January 1, 2014 and, at significant time and expense, file voluntary, comprehensive amendments to its reports filed with the Commission. Therefore, the DECF believes that the process undertaken by the DECF, and the extensive costs associated with it should be sufficient for the Commission to determine that no additional penalties for these amendments be levied by the Commission. Thus, the Commission should either determine to take no further action in this matter, or, in the alternative, refer this matter to its Alternative Dispute Resolution Division to work with the DECF to come up with comprehensive steps to ensure future compliance.

If you have any further questions, please contact me at (202) 479-1111.

Respectfully submitted,



Neil P. Reiff  
Counsel for the Democratic  
Executive Committee of Florida, and  
Francesca Menes, in her official  
capacity as Treasurer

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